

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

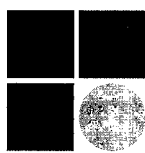
Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Primary Government Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 388 Ellis, Kansas
Ellis, Kansas

We have audited the accompanying primary government financial statements of **Unified School District No. 388 Ellis, Kansas**, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 388 Ellis, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

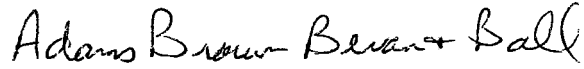
As described more fully in Note 1, **Unified School District No. 388 Ellis, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The financial statements do not include financial data for the District's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the District's primary government unless the District also issues financial statements for the financial reporting entity that include the financial data for its component unit. The District has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the cash and unencumbered cash balances of the aggregate discretely presented component unit would have been reported as \$241,186. In addition, the assets, liabilities, fund balances, revenues, and expenditures of the aggregate remaining fund information would have increased by \$241,186.

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 388 Ellis, Kansas**, as of June 30, 2010, or changes in its financial position for the year then ended. Further, **Unified School District No. 388 Ellis, Kansas**, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Unified School District No. 388 Ellis, Kansas
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In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 388 Ellis, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements and budgetary results for the year then ended, on the basis of accounting described in Note 1.

A handwritten signature in cursive script that reads "Adams Brown Beran & Ball".

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

October 13, 2010

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (95,225)	-	2,689,915	2,932,551	(337,861)	-	(337,861)
Supplemental General Fund	47,250	-	738,608	751,615	34,243	-	34,243
Special Revenue Funds							
At-Risk (K-12) Fund	10,000	-	151,985	135,000	26,985	-	26,985
Capital Outlay Fund	557,107	-	320,561	350,819	526,849	7,363	534,212
Driver Training Fund	9,281	-	10,950	7,242	12,989	-	12,989
Food Service Fund	25,040	-	182,525	177,356	30,209	-	30,209
Professional Development Fund	19,999	-	16,822	6,823	29,998	-	29,998
Special Education Fund	125,992	-	564,730	528,827	161,895	-	161,895
Vocational Education Fund	-	-	119,778	119,778	-	-	-
Recreation Commission Fund	62,166	-	126,822	188,988	-	-	-
Recreation Commission Employee Benefits Fund	2,546	-	19,468	21,644	370	-	370
Textbook Rental Fund	20,000	-	19,110	11,300	27,810	-	27,810
Vo Ag Revolving Fund	1,301	-	2,756	2,716	1,341	-	1,341
Industrial Arts Fund	4,782	-	3,933	6,732	1,983	-	1,983
Title I Fund	-	-	60,213	60,213	-	-	-
Contingency Reserve Fund	155,000	-	45,000	-	200,000	-	200,000
KPERS Special Retirement Contribution Fund	-	-	172,216	172,216	-	-	-
Summer School Fund	-	-	-	-	-	-	-
Gifts and Grants Fund	4,891	-	36,969	34,206	7,654	-	7,654
Title II/Teacher Quality Fund	-	-	17,133	17,133	-	-	-
Extraordinary School Program Fund	11,706	-	14,097	12,029	13,774	-	13,774
REAP Grant Fund	-	-	34,014	34,014	-	-	-
Capital Projects Fund							
Capital Project Fund	(923,793)	-	923,793	-	-	-	-
Fiduciary Fund Category							
District Activity Funds							
Gate Receipts	24,088	-	87,922	81,021	30,989	-	30,989
School Projects	1,382	-	23,496	22,358	2,520	-	2,520
Total Reporting Entity (Excluding Agency Funds)	\$ 63,513	-	6,382,816	5,674,581	771,748	7,363	779,111
Composition of Cash							
Checking Accounts						\$	656,121
Money Market Accounts							171,428
Petty Cash							1,000
Certificate of Deposit							10,137
Total Cash							838,686
Agency Funds per Statement 4							(59,575)
Total Reporting Entity (Excluding Agency Funds)						\$	779,111

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 2,933,173	(14,042)	13,420	2,932,551	2,932,551	-
Supplemental General Fund	800,000	-	-	800,000	751,615	(48,385)
Special Revenue Funds						
At-Risk (K-12) Fund	135,000	-	-	135,000	135,000	-
Capital Outlay Fund	541,107	-	-	541,107	350,819	(190,288)
Driver Training Fund	11,364	-	-	11,364	7,242	(4,122)
Food Service Fund	177,471	-	-	177,471	177,356	(115)
Professional Development Fund	30,000	-	-	30,000	6,823	(23,177)
Special Education Fund	532,424	-	-	532,424	528,827	(3,597)
Vocational Education Fund	126,307	-	-	126,307	119,778	(6,529)
Recreation Commission Fund	195,500	-	-	195,500	188,988	(6,512)
Recreation Commission Employee Benefits Fund	21,644	-	-	21,644	21,644	-
KPERS Special Retirement Contribution Fund	201,249	-	-	201,249	172,216	(29,033)
Gifts and Grants Fund	21,890	-	13,114	35,004	34,206	(798)
Extraordinary School Program Fund	9,401	-	-	9,401	12,029	2,628

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

General Fund

Statement of Cash Receipts and Expenditures - Actual and Budget

For the Year Ended June 30, 2010

(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 825,457	547,783	576,560	(28,777)
Intergovernmental Revenues				
Mineral Severance Tax	47,177	13,708	19,019	(5,311)
Equalization Aid	1,772,324	1,660,442	1,854,805	(194,363)
State Aid	382,482	325,268	339,453	(14,185)
Other State Aid	4,000	1,700	-	1,700
Federal Aid - ARRA	-	129,294	129,294	-
Other Local Sources				
Reimbursements	11,252	11,720	-	11,720
Total Cash Receipts	3,042,692	2,689,915	2,919,131	(229,216)
Expenditures				
Instruction	1,499,181	1,347,407	1,455,729	(108,322)
Student Support Services	121,620	92,605	102,378	(9,773)
Instructional Support Services	68,150	68,096	68,206	(110)
General Administration	228,054	223,690	225,908	(2,218)
School Administration	239,611	228,720	230,801	(2,081)
Operations and Maintenance	179,220	211,884	247,339	(35,455)
Student Transportation Services	64,663	62,652	63,249	(597)
Vehicle Operating Services	27,361	31,825	45,000	(13,175)
Vehicle and Maintenance Services	50,631	47,506	54,784	(7,278)
Transfers Out	520,841	618,166	439,779	178,387
(a) Adjustment for Qualifying				
Budget Credits	-	-	13,420	(13,420)
Adjustment to Comply With Legal Max	-	-	(14,042)	14,042
Total Expenditures and Legal				
General Fund Budget	2,999,332	2,932,551	2,932,551	-
Cash Receipts Over (Under) Expenditures	43,360	(242,636)		
Unencumbered Cash - Beginning	(138,592)	(95,225)		
Prior Year Cancelled Encumbrances	7	-		
Unencumbered Cash - Ending	\$ (95,225)	(337,861)		
(a) Adjustment for Qualifying Budget Credits				
Other State Aid Over Amount Budgeted		\$ 1,700		
Reimbursements Over Amount Budgeted		11,720		
Total		\$ 13,420		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 840,575	726,029	743,269	(17,240)
Intergovernmental Revenues				
Mineral Severance Tax	49	-	-	-
Equalization Aid	48,447	9,481	-	9,481
Other Local Sources				
Reimbursements	288	3,098	-	3,098
Total Cash Receipts	<u>889,359</u>	<u>738,608</u>	<u>743,269</u>	<u>(4,661)</u>
Expenditures				
Instruction	124,599	151,158	136,480	14,678
Instructional Support Services	56,232	56,198	56,259	(61)
General Administration	-	30	-	30
Operations and Maintenance	169,408	102,104	95,500	6,604
Vehicle Operating Services	8,168	67	-	67
Other Supplemental Services	34,925	28,385	37,529	(9,144)
Transfers Out	466,042	413,673	474,232	(60,559)
Total Expenditures	<u>859,374</u>	<u>751,615</u>	<u>800,000</u>	<u>(48,385)</u>
Cash Receipts Over (Under) Expenditures	29,985	(13,007)		
Unencumbered Cash - Beginning	<u>17,265</u>	<u>47,250</u>		
Unencumbered Cash - Ending	\$ <u>47,250</u>	<u>34,243</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
At-Risk (K-12) Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Local Sources				
Transfers In	\$ 103,948	151,985	124,999	26,986
Expenditures				
Instruction	91,215	134,934	132,268	2,666
School Administration	1,709	-	1,709	(1,709)
Vehicle Operating Services	1,024	66	1,023	(957)
Total Expenditures	93,948	135,000	135,000	-
Cash Receipts Over (Under) Expenditures	10,000	16,985		
Unencumbered Cash - Beginning	-	10,000		
Unencumbered Cash - Ending	\$ 10,000	26,985		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Capital Outlay Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 302,606	193,955	206,003	(12,048)
Intergovernmental Revenues				
Mineral Severance Tax	17	-	-	-
State Aid	92	-	-	-
FEMA Funds	750	-	-	-
Other Local Sources				
Miscellaneous Revenue	7,955	10,640	-	10,640
Interest on Idle Funds	5,273	2,571	3,000	(429)
Insurance Proceeds	206,247	-	-	-
Transfers In	30,920	113,395	32,052	81,343
Total Cash Receipts	553,860	320,561	241,055	79,506
Expenditures				
Instruction	36,539	31,712	18,476	13,236
General Administration	1,977	-	300,000	(300,000)
School Administration	1,348	158	-	158
Operations and Maintenance	5,084	2,385	-	2,385
Vehicle Operating Services	121,064	-	-	-
Facility Acquisition and Construction	269,227	316,564	222,631	93,933
Total Expenditures	435,239	350,819	541,107	(190,288)
Cash Receipts Over (Under) Expenditures	118,621	(30,258)		
Unencumbered Cash - Beginning	438,486	557,107		
Unencumbered Cash - Ending	\$ 557,107	526,849		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Driver Training Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,178	1,700	1,750	(50)
Other Local Sources				
Student Fees	3,450	4,250	3,500	750
Transfers In	216	5,000	5,000	-
Total Cash Receipts	<u>4,844</u>	<u>10,950</u>	<u>10,250</u>	<u>700</u>
Expenditures				
Instruction	2,651	5,427	9,364	(3,937)
Operations and Maintenance	<u>1,912</u>	<u>1,815</u>	<u>2,000</u>	<u>(185)</u>
Total Expenditures	<u>4,563</u>	<u>7,242</u>	<u>11,364</u>	<u>(4,122)</u>
Cash Receipts Over (Under) Expenditures	281	3,708		
Unencumbered Cash - Beginning	<u>9,000</u>	<u>9,281</u>		
Unencumbered Cash - Ending	\$ <u>9,281</u>	<u>12,989</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 2,402	2,430	2,584	(154)
Federal Aid	65,597	81,404	66,774	14,630
Other Local Sources				
Lunch Receipts - Students	75,256	76,657	79,580	(2,923)
Lunch Receipts - Adults	9,137	11,387	13,865	(2,478)
Breakfast Receipts - Students	6,045	639	5,460	(4,821)
Miscellaneous Revenue	2,597	1,322	-	1,322
Transfers In	12,444	8,686	20,000	(11,314)
Total Cash Receipts	173,478	182,525	188,263	(5,738)
Expenditures				
Operations and Maintenance	5,615	10,709	4,850	5,859
Food Service Operation	162,867	166,647	172,621	(5,974)
Total Expenditures	168,482	177,356	177,471	(115)
Cash Receipts Over (Under) Expenditures	4,996	5,169		
Unencumbered Cash - Beginning	20,044	25,040		
Unencumbered Cash - Ending	\$ 25,040	30,209		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 3,728	-	-	-
Other Local Sources				
Transfers In	26,823	16,822	10,000	6,822
Total Cash Receipts	30,551	16,822	10,000	6,822
Expenditures				
Instructional Support Services	27,477	6,823	30,000	(23,177)
Cash Receipts Over (Under) Expenditures	3,074	9,999		
Unencumbered Cash - Beginning	16,925	19,999		
Unencumbered Cash - Ending	\$ 19,999	29,998		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Special Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Other Local Sources				
Transfers In	\$ 642,626	564,730	595,653	(30,923)
Expenditures				
Instruction	562,379	515,003	520,910	(5,907)
Student Transportation Services	11,636	13,824	11,514	2,310
Total Expenditures	574,015	528,827	532,424	(3,597)
Cash Receipts Over (Under) Expenditures	68,611	35,903		
Unencumbered Cash - Beginning	57,381	125,992		
Unencumbered Cash - Ending	\$ 125,992	161,895		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Vocational Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Local Sources				
Transfers In	\$ 125,049	116,221	126,307	(10,086)
Miscellaneous Revenue	1,730	3,557	-	3,557
Total Cash Receipts	126,779	119,778	<u>126,307</u>	<u>(6,529)</u>
Expenditures				
Instruction	126,779	119,778	<u>126,307</u>	<u>(6,529)</u>
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Recreation Commission Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 174,552	126,822	133,708	(6,886)
Intergovernmental Revenue				
Mineral Severance Tax	10	-	-	-
Total Cash Receipts	174,562	126,822	133,708	(6,886)
Expenditures				
Community Service Operations	138,000	188,988	195,500	(6,512)
Cash Receipts Over (Under) Expenditures	36,562	(62,166)		
Unencumbered Cash - Beginning	25,604	62,166		
Unencumbered Cash - Ending	\$ 62,166	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Recreation Commission Employee Benefits Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Taxes	\$ 19,809	19,468	20,244	(776)
Intergovernmental Revenue				
Mineral Severance Tax	1	-	-	-
Total Cash Receipts	19,810	19,468	20,244	(776)
Expenditures				
Community Service Operations	18,878	21,644	21,644	-
Cash Receipts Over (Under) Expenditures	932	(2,176)		
Unencumbered Cash - Beginning	1,614	2,546		
Unencumbered Cash - Ending	\$ 2,546	370		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Textbook Rental Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Local Sources		
Rental Fees	\$ 11,667	9,110
Transfers In	4,883	10,000
Total Cash Receipts	16,550	19,110
Expenditures		
Textbooks	8,532	11,300
Cash Receipts Over (Under) Expenditures	8,018	7,810
Unencumbered Cash - Beginning	11,982	20,000
Unencumbered Cash - Ending	\$ 20,000	27,810

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Vo Ag Revolving Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Local Sources		
Reimbursements	\$ 3,859	2,756
Expenditures		
Instruction	4,180	2,716
Cash Receipts Over (Under) Expenditures	(321)	40
Unencumbered Cash - Beginning	1,622	1,301
Unencumbered Cash - Ending	\$ 1,301	1,341

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Industrial Arts Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Local Sources		
Reimbursements	\$ 4,778	3,933
Expenditures		
Instruction	2,899	6,732
Cash Receipts Over (Under) Expenditures	1,879	(2,799)
Unencumbered Cash - Beginning	2,903	4,782
Unencumbered Cash - Ending	\$ 4,782	1,983

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Title I Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 47,303	48,314
Federal Aid - ARRA	-	11,899
	<u>47,303</u>	<u>60,213</u>
Total Cash Receipts	<u>47,303</u>	<u>60,213</u>
Expenditures		
Instruction	46,846	59,302
Student Transportation Services	457	911
	<u>47,303</u>	<u>60,213</u>
Total Expenditures	<u>47,303</u>	<u>60,213</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Contingency Reserve Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Local Sources		
Transfers In	\$ 50,359	45,000
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	50,359	45,000
Unencumbered Cash - Beginning	104,641	155,000
Unencumbered Cash - Ending	\$ 155,000	200,000

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
KPERS Special Retirement Contribution Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 172,006	172,216	201,249	(29,033)
Expenditures				
Instruction	144,486	144,661	167,692	(23,031)
Student Support Services	1,720	1,722	4,148	(2,426)
Instructional Support Services	1,720	1,722	4,148	(2,426)
General Administration	5,160	5,166	5,000	166
School Administration	6,880	6,891	7,332	(441)
Operations and Maintenance	5,160	5,166	5,000	166
Student Transportation Services	5,160	5,166	5,000	166
Other Supplemental Services	-	-	929	(929)
Food Service	1,720	1,722	2,000	(278)
Total Expenditures	172,006	172,216	201,249	(29,033)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Summer School Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures		
Transfers Out	10,385	-
Cash Receipts Over (Under) Expenditures	(10,385)	-
Unencumbered Cash - Beginning	10,385	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Gifts and Grants Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
Federal Aid	\$ -	500	-	500
Other Local Sources				
Contributions and Donations	20,000	29,614	17,000	12,614
Miscellaneous Revenue	6,415	6,855	-	6,855
Total Cash Receipts	26,415	36,969	17,000	19,969
Expenditures				
Instruction	-	-	2,704	(2,704)
Operations and Maintenance	5,191	15,958	-	15,958
Student Transportation Services	1,029	2,218	1,356	862
Other Supplemental Services	15,953	16,030	17,830	(1,800)
(a) Adjustment for Qualifying Budget Credits	-	-	13,114	(13,114)
Total Expenditures	22,173	34,206	35,004	(798)
Cash Receipts Over (Under) Expenditures	4,242	2,763		
Unencumbered Cash - Beginning	649	4,891		
Unencumbered Cash - Ending	\$ 4,891	7,654		
(a) Adjustment for Qualifying Budget Credits				
Federal Aid Over Budgeted		\$ 500		
Contributions and Donations Over Amount Budgeted		12,614		
Total		\$ 13,114		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Title II/Teacher Quality Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 16,402	16,181
Federal Aid - ARRA	-	952
Total Cash Receipts	<u>16,402</u>	<u>17,133</u>
Expenditures		
Instruction	16,210	16,056
Operations and Maintenance	192	1,077
Total Expenditures	<u>16,402</u>	<u>17,133</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Extraordinary School Program Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Other Local Sources				
Tuition	\$ 28,218	14,097	16,000	(1,903)
Expenditures				
Instruction	23,054	11,830	9,401	2,429
Operations and Maintenance	284	199	-	199
Total Expenditures	23,338	12,029	9,401	2,628
Cash Receipts Over (Under) Expenditures	4,880	2,068		
Unencumbered Cash - Beginning	6,826	11,706		
Unencumbered Cash - Ending	\$ 11,706	13,774		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
REAP Grant Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 30,488	34,014
Expenditures		
Instruction	30,488	34,014
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Capital Project Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Local Sources		
Lease Obligation Proceeds	\$ 832,852	923,793
Expenditures		
Construction Costs	1,756,645	-
Cash Receipts Over (Under) Expenditures	(923,793)	923,793
Unencumbered Cash - Beginning	-	(923,793)
Unencumbered Cash - Ending	\$ (923,793)	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements

For the Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
High School				
Class of 2009	\$ 191	-	191	-
Class of 2010	3,691	-	3,691	-
Class of 2011	12,725	1,673	7,970	6,428
Class of 2012	170	26,493	15,964	10,699
Class of 2013	-	530	186	344
Class of 2014	-	18	-	18
FCCLA	1,735	5,981	6,137	1,579
FFA	2,102	49,296	44,075	7,323
Student Council	9,376	2,500	3,958	7,918
Spanish Club	-	60	-	60
Kayettes	4,088	1,677	2,256	3,509
Forensics	3,782	945	2,279	2,448
Yearbook	4,372	12,849	5,305	11,916
National Honor Society	274	-	175	99
SADD	52	-	52	-
Vocal Music	1,708	2,300	2,168	1,840
Band	548	718	820	446
Cheerleaders	1,883	11,761	11,842	1,802
Scholar's Bowl	42	259	301	-
Community Partnership	319	-	319	-
Multi-Media	752	993	367	1,378
Technology	-	5,550	5,550	-
Photography	1,821	615	668	1,768
Total	\$ 49,631	124,218	114,274	59,575

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

District Activity Funds

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High School							
Athletics	\$ 18,387	-	72,563	65,707	25,243	-	25,243
Elementary School							
Athletics	5,701	-	15,359	15,314	5,746	-	5,746
Total Gate Receipts	<u>24,088</u>	<u>-</u>	<u>87,922</u>	<u>81,021</u>	<u>30,989</u>	<u>-</u>	<u>30,989</u>
School Projects							
Elementary School							
Box Tops for Education	158	-	502	11	649	-	649
Fundraiser	1	-	2,297	1,906	392	-	392
Misc. Activity	-	-	18,900	18,900	-	-	-
Yearbook	1,223	-	1,797	1,541	1,479	-	1,479
Total School Projects	<u>1,382</u>	<u>-</u>	<u>23,496</u>	<u>22,358</u>	<u>2,520</u>	<u>-</u>	<u>2,520</u>
Total District Activity Funds	<u>\$ 25,470</u>	<u>-</u>	<u>111,418</u>	<u>103,379</u>	<u>33,509</u>	<u>-</u>	<u>33,509</u>

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 388 Ellis, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

Unified School District No. 388 Ellis, Kansas is a municipal corporation governed by an elected board. These financial statements present **Unified School District No. 388 Ellis, Kansas** (primary government) and no component unit. The following is a component unit of **Unified School District No. 388 Ellis, Kansas**. The District exercises significant influence or accountability based primarily on operational or financial relationships with the District (as distinct from a legal relationship).

Recreation Commission

Ellis' Recreation Commission oversees recreation activities. The recreation commission operates as a separate governing body but the District levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928.

Unified School District No. 388 Ellis, Kansas is the primary government as defined in GASB #14 and further amended by GASB #39. The School Board is elected by the public. The Board has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of **Unified School District No. 388 Ellis, Kansas** are organized and operated on the basis of funds. In governmental accounting, a fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of **Unified School District No. 388 Ellis, Kansas** for the year ended June 30, 2010.

Governmental Fund Categories

General Fund – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – to account for and report the proceeds of specific revenue that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund – to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Categories

Agency Funds – to account for assets held by the District as a trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

District Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the Board of Education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. Although

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding fiscal year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. The General Fund and At-Risk (K-12) Fund were amended this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds and the following special revenue funds: Textbook Rental Fund, Vo Ag Revolving Fund, Industrial Arts Fund, Title I Fund, Contingency Reserve Fund, Title II/Teacher Quality Fund, and REAP Grant Fund.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

Unified School District No. 388 Ellis, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods." All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$838,686 and the bank balance was \$1,109,542. The bank balance was held by two banks resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2010.

Compensated Absences

The District contracts with various employees and permits employees to accumulate various amounts of vacation time and sick leave depending on their years of service.

Non-certified employees with a 12 month work term are entitled to 12 working days annual vacation for the first 10 years of employment. After 10 years of employment, they receive 15 days of vacation per year.

Employees working a 12 month work term are entitled to 12 days of sick leave per year. All other employees are entitled to 10 days of sick leave per year. In both cases, days accumulate up to a maximum of 100 days. Accumulated sick leave for personnel who retire, except for bus drivers, will be paid at \$50 per day for a maximum of 90 days.

Defined Benefit Pension Plan

Plan Description

Unified School District No. 388 Ellis, Kansas contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et. seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 8.57% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2010, 2009, and 2008, were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

Deferred Compensation Plan

Unified School District No. 388 Ellis, Kansas sponsors deferred compensation plans under Internal Revenue Code Section 403(b) and 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Early Retirement Benefits

The District provides an early retirement program for certified eligible employees retiring under the KPERS Plan, or at age 60 or older with at least 10 years of full-time employment with the District. Those eligible under this program receive 10% of their highest salary earned as an employee of the District. Eligible employees receive benefits for up to five years, or until age 65. Payments are made to a 403(b) Plan that is administered by the American Fidelity Insurance Company. Payments made on behalf of 10 certified retired employees under this plan totaled \$47,710 for the year ended June 30, 2010.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reimbursements

Unified School District No. 388 Ellis, Kansas records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

NOTE 2 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. The District's interfund transfers and statutory authority for June 30, 2010 were as follows:

From	To	Statutory Authority	Amount
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	\$ 45,000
General Fund	Capital Outlay Fund	K.S.A. 72-6428	113,395
General Fund	Textbook Rental Fund	K.S.A. 72-6428	10,000
General Fund	Special Education Fund	K.S.A. 72-6428	381,660
General Fund	Vocational Education Fund	K.S.A. 72-6428	58,111
General Fund	Driver Training Fund	K.S.A. 72-6428	5,000
General Fund	Professional Development Fund	K.S.A. 72-6428	5,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	8,686
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	11,822
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	183,070
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	58,110
Supplemental General Fund	At-Risk (K-12) Fund	K.S.A. 72-6433	151,985

NOTE 3 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project Authorization	Cash Disbursements and Accounts Payable to Date
District Wide Energy Conservation Project	\$ 1,756,645	1,756,645

NOTE 4 – LITIGATION

Unified School District No. 388 Ellis, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the funds of the District.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 5 – RISK MANAGEMENT CLAIMS AND JUDGMENTS

Unified School District No. 388 Ellis, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The District has been able to obtain workman's compensation and errors and omissions insurance at a cost it considered to be economically justifiable.

The District carries commercial insurance for all other risks of loss, including property, general liability, inland marine, auto, linebacker, fidelity bond, and comprehensive collision insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At June 30, 2010, the financial statements do not include liabilities for anticipated losses.

NOTE 6 – GRANTS AND SHARED REVENUES

Unified School District No. 388 Ellis, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 7 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the District's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 8 – COMPLIANCE WITH KANSAS STATUTES

Expenditures exceeded the adopted budget in the following fund which is in violation of K.S.A. 79-2935.

Extraordinary School Program Fund	\$ 2,628
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NOTE 9 – OPERATING LEASES

Unified School District No. 388 Ellis, Kansas has entered into the operating leases listed below. Operating leases do not give rise to property rights or lease obligations and therefore, the result of these following lease agreements are not reflected in the District's financial statements.

On May 21, 2008, the District entered into a lease agreement with National City Commercial Capital Company, LLC to lease 85 IBM notebooks. The agreement calls for annual payments of \$14,148 for three years beginning July 1, 2008. One payment of \$14,148 was made during the year ended June 30, 2010.

On May 28, 2009, the District entered into a lease agreement with National City Commercial Capital Company, LLC to lease 120 Acer laptops. The agreement calls for annual payments of \$13,712 for three years

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 9 – OPERATING LEASES (continued)

beginning July 1, 2009. One payment of \$13,712 was made during the year ended June 30, 2010. Future scheduled payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ <u>13,712</u>

On April 26, 2010, the District entered into a lease agreement with National City Commercial Capital Company, LLC to lease 105 IBM ThinkPad Notebooks. The agreement calls for annual payments of \$16,840 for three years beginning July 1, 2010. The first payment of \$16,840 was made on June 14, 2010. Future scheduled payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$ <u>16,840</u>
2013	<u>16,840</u>
Total	\$ <u>33,680</u>

On December 29, 2009, the District entered into a lease agreement with Essdack to lease 3 copiers. The agreement calls for monthly payments of \$285 per copier for sixty months. Payments totaling \$4,275 were made during the year ended June 30, 2010. Future scheduled payments per copier are as follows:

District Office		Grade School		High School	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2011	\$ <u>3,420</u>	2011	\$ <u>3,420</u>	2011	\$ <u>3,420</u>
2012	<u>3,420</u>	2012	<u>3,420</u>	2012	<u>3,420</u>
2013	<u>3,420</u>	2013	<u>3,420</u>	2013	<u>3,420</u>
2014	<u>3,420</u>	2014	<u>3,420</u>	2014	<u>3,420</u>
2015	<u>1,995</u>	2015	<u>1,995</u>	2015	<u>1,995</u>
Total	\$ <u>15,675</u>	Total	\$ <u>15,675</u>	Total	\$ <u>15,675</u>

NOTE 10 – LONG-TERM DEBT

Unified School District No. 388 Ellis, Kansas has the following types of long-term debt.

Capital Leases

The District has entered into lease agreements with an option to purchase at the expiration of the lease terms. The leases contain a fiscal funding clause.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 10 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
Capital Leases										
Copier District Wide Energy Conservation Program	0.00%	12/07/05	\$ 48,060	12/07/10	\$ 13,617	-	(13,617)		-	-
Total Capital Leases										
			1,756,645	09/01/23	832,852	923,793	(99,952)		1,656,693	72,679
Compensated Absences										
	N/A	N/A		N/A	846,469	923,793	(113,569)		1,656,693	72,679
					85,763			(2,263)	83,500	
Total Long-Term Debt					\$ 932,232	923,793	(113,569)	(2,263)	1,740,193	72,679

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 10 - LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

		YEAR							
		2011	2012	2013	2014	2015	2016-2020	2021-2025	Total
Principal									
Capital Lease									
District Wide Energy									
Conservation Program	\$	94,000	84,798	89,564	94,598	99,915	590,400	603,418	1,656,693
Interest									
Capital Lease									
District Wide Energy									
Conservation Program		78,631	87,832	83,066	78,032	72,715	272,753	87,105	760,135
Total Principal and Interest	\$	<u>172,631</u>	<u>172,630</u>	<u>172,630</u>	<u>172,630</u>	<u>172,630</u>	<u>863,153</u>	<u>690,523</u>	<u>2,416,828</u>

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Taxes	\$ 547,783	576,560	(28,777)
Intergovernmental Revenues			
Mineral Severance Tax	13,708	19,019	(5,311)
Equalization Aid	1,903,078	1,854,805	48,273
State Aid	325,268	339,453	(14,185)
Other State Aid	1,700	-	1,700
Federal Aid - ARRA	129,294	129,294	-
Other Local Sources			
Reimbursements	<u>11,720</u>	<u>-</u>	<u>11,720</u>
Total Statutory Revenues	<u>2,932,551</u>	<u>2,919,131</u>	<u>13,420</u>
Expenditures			
Instruction	1,347,407	1,455,729	(108,322)
Student Support Services	92,605	102,378	(9,773)
Instructional Support Services	68,096	68,206	(110)
General Administration	223,690	225,908	(2,218)
School Administration	228,720	230,801	(2,081)
Operations and Maintenance	211,884	247,339	(35,455)
Student Transportation Services	62,652	63,249	(597)
Vehicle Operating Services	31,825	45,000	(13,175)
Vehicle and Maintenance Services	47,506	54,784	(7,278)
Transfers Out	618,166	439,779	178,387
(a) Adjustment for Qualifying Budget Credit	-	13,420	(13,420)
Adjustment to Comply With Legal Max	<u>-</u>	<u>(14,042)</u>	<u>14,042</u>
Total Expenditures and Legal General Fund Budget	<u>2,932,551</u>	<u>2,932,551</u>	<u>-</u>
Statutory Revenues Over (Under) Expenditures	-		
Modified Unencumbered Cash, Beginning	<u>7</u>		
Modified Unencumbered Cash, Ending	<u>\$ 7</u>		
(a) Adjustment for Qualifying Budget Credits			
Other State Aid Over Amount Budgeted		\$ 1,700	
Reimbursements Over Amount Budgeted		<u>11,720</u>	
Total		<u>\$ 13,420</u>	

UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 11 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)**UNIFIED SCHOOL DISTRICT NO. 388 ELLIS, KANSAS****Supplemental General Fund**

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues			
Taxes	\$ 726,029	743,269	(17,240)
Other Local Sources			
Reimbursements	3,098	-	3,098
Total Statutory Revenues	729,127	743,269	(14,142)
Expenditures			
Instruction	151,158	136,480	14,678
Instructional Support Services	56,198	56,259	(61)
General Administration	30	-	30
Operations and Maintenance	102,104	95,500	6,604
Vehicle Operating Services	67	-	67
Other Supplemental Services	28,385	37,529	(9,144)
Transfers Out	413,673	474,232	(60,559)
Total Expenditures	751,615	800,000	(48,385)
Statutory Revenues Over (Under) Expenditures	(22,488)		
Modified Unencumbered Cash, Beginning	56,731		
Modified Unencumbered Cash, Ending	\$ 34,243		